

Realty Trust Review

BONUS REPORT ON BANK LENDING TO REITS

Reprinted from Jan. 20, 1975 The Audit Realty & Asset Advisory, a sister service.

MARKET OUTLOOK: BANK VULNERABILITY ON REIT LOANS BOOSTS RISK IN RALLY

In recent weeks we've become increasingly concerned that there's far more risk in the current rally than meets the eye. The Wall Street enthusiasm for Washington's sudden embracement of a quick-fix tax cut and the definite easing of credit by the Federal Reserve Board all are saying that the nation's economic problems are perhaps on their way to being solved. Our observations suggest quite the opposite, that the twin crunchers of inflation and tight money last year have left a legacy of illiquidity and festering problems that haven't gone away and may not be solved by a sudden deluge of money, courtesy the Fed. Our concern goes far beyond the normal leads and lags inherent in any economic booster shot through a tax cut.

The danger, as we see it, is the potential that serious liquidity problems in the construction-lending mortgage real estate trusts will begin spilling over onto their commercial bank lenders. The consequences could be quite severe, as outlined below, and if our view comes close to being accepted by many investors, the current rally which has carried stocks up about 15% could be nipped in the bud. This warning is our very considered judgement based upon the following facts and expectations:

1. A major national publication appears close to printing results of an intensive investigation of a very large construction mortgage lending real estate investment trust. The inquiry's results are described to us as "greater than Equity Funding," the insurance conglomerate that collapsed in 1973 when fraud was discovered. We doubt that anything like Equity Funding is involved but some of the documentation uncovered, if confirmed, is strong medicine. If printed, we believe an SEC investigation will begin. Ultimately it is possible the trust's liquidity and continuity could be called into question.

2. General REIT troubles could spill over onto some of the largest U.S. banks in coming months. The 20 largest banks have made about two-thirds of the \$12.0 billion bank loans and commitments to REITs. Our concern centers on these banking giants. Until now the banks have done an excellent job of dealing with REIT problems by rolling the REITs involved into revolving credit agreements.

We are most concerned because recent filings with the S.E.C. tell a story of REITs falling into almost chronic default under these revolving credit agreements. Some of this may be intentional on the banks' part as a monitoring device but clearly the revolvers have not stopped problems for either REITs or banks. They may even be exacerbating REIT problems by enforcing stringent lending terms and restricting new commitments while seeking premium interest. If these chronic defaults persist, they certainly will bring many bank loans to REITs under scrutiny of bank examiners and auditors both as to current earning and soundness.

A case in point is First Mortgage Investors, the oldest construction mortgage trust, which signed a \$400 million revolver with a group of over 100 banks led by Chemical Bank last June 7. Signing the agreement itself was a major achievement and culminated nearly six months negotiation and uncertainty. In September FMI told the SEC its delinquent and foreclosed loans of 30.8% exceeded the 27% ceiling of the revolving credit and reported

KENNETH D. CAMPBELL, EDITOR AND PUBLISHER, BERNARD SOLAS, C.F.A., DIRECTOR OF RESEARCH / AUDIT INVESTMENT RESEARCH, INC., 230 PARK AVENUE, NEW YORK 10017

THE AUDIT REALTY & ASSET ADVISORY, REALTY TRUST REVIEW, REIT INSTITUTIONAL SERVICE, REAL ESTATE DISCLOSURE DIGEST, and special industry investment reports are published by Audit Investment Research, Inc., an independent investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Under no circumstances is anything contained herein to be construed as an offer to purchase or a solicitation to sell any security mentioned. Information has been obtained from sources believed to be reliable and reasonable care has been exercised in compilation, but accuracy or completeness cannot be guaranteed. Expressions of opinion are solely the responsibility of the publisher and may be changed at any time without notice. Advisory services are mailed to reach subscribers no later than the Monday publication date; Audit's officers, employees and printers are not permitted to trade upon any recommendation until the Tuesday following. Subscriptions may not be assigned without consent and unused portion refunded on request. Copyright 1975 by Audit Investment Research, Inc., 230 Park Avenue, New York, N.Y. 10017. Telephone: 212/725-1410.

PUBLISHED TWICE MONTHLY ON THE SECOND AND FOURTH FRIDAYS / SUBSCRIPTIONS \$90 ANNUALLY / SINGLE COPY \$6 / GROUP RATES ON REQUEST

the banks had agreed to waive defaults and increase the ceiling to 31½% through October 30. Early in November FMI next reported it was in default on the higher delinquent loan limit, with delinquencies now at 36.3%. Another covenant limiting senior debt to 3 times capital was also in default. In December the trust reported it was deferring \$16.7 million of interest due the banks under the revolving credit and due three insurance company lenders, and was in default on various other provisions of the agreements, including a requirement that shareholders' equity exceed \$100 million. Oral waivers had been received through Jan. 15, 1975.

We now understand that further waivers and extensions have been obtained, and that some further negotiations are going on between the bank and First Mortgage. The REIT is seeking a cut in interest rates on the loan and wants to use its available funds to complete construction of nearly 100 incomplete projects instead of paying interest in cash. It should be understood that rising non-earning investments are a logical outcome

STATISTICAL PROFILE OF 20 LARGEST BANKING COMPANIES
(As of Sept. 30, 1974)

	--Assets-Bil.\$--		--Loss reserve-Mil.\$--		--Capital-Mil.\$--	
	1974	1973	1974	1973	1974	1973
BankAmerica Corp.....	\$58.6	\$46.1	\$359	\$296	\$1,798	\$1,637
Citicorp, N.Y.C.....	54.2	40.9	314	310	1,941	1,723
Chase Man. Corp.....	42.8	34.9	356	321	1,895	1,840
J.P.Morgan & Co.....	26.0	18.8	167	140	1,038	946
Mfgrs. Hanover Corp..	26.0	19.5	186	174	850	782
Bankers Trust N.Y....	21.9	18.2	147	141	687	662
Chemical N.Y. Corp...	21.6	17.5	169	161	722	681
Cont. Illinois Corp...	21.2	15.8	183	140	719	675
First Chicago Corp...	18.1	14.6	183	139	752	696
Western Bancorp.....	18.0	17.1	179	155	887	826
Security Pacific Corp	15.6	13.8	135	109	603	575
Marine Midland Banks.	13.5	12.2	108	108	422	393
Wells Fargo & Co.....	12.4	11.4	111	90	487	471
Charter N.Y. Corp....	10.9	9.7	70	56	333	314
Mellon Nat. Corp.....	10.6	9.4	69	58	533	507
Crocker Nat. Corp....	9.7	7.9	62	55	376	367
First Nat. Boston Corp	8.8	7.9	58	56	460	431
Nat. Detroit Corp....	8.1	6.8	58	55	481	454
First Bank System, Inc.	7.0	6.0	58	58	413	380
First Penn. Bank.....	7.0	5.8	50	45	468	399
TOTALS	\$412.0	\$334.3	\$3,024	\$2,661	\$15,865	\$14,759
PERCENT CHANGE	+23.2%		+13.6%		+7.5%	

of the workings of these revolving agreements, and that continued and chronic defaults on this score likely will be a way of life. That's because the agreements generally require REIT mortgage repayments to be applied to repaying the banks sooner or later. Under those conditions the good loans in REIT portfolios will be repaid and bad loans remain on the books, moving these REITs inevitably toward 100% non-earning investment status and default.

This same pattern is being repeated in bank revolving agreements signed within the last 6-12 months, when the first major move of banks toward revolving credit agreements began. Fidelity Mortgage Investors and NJB Prime Investors both have reported defaults under \$148 and \$54 million revolving credits signed Jan. 15 and June 24, 1974 respectively. Now Great American Mortgage's \$271 million revolver signed only Aug. 27 is in default.

The significance is that banks signed \$4.35 billion of revolving credits with 25 REITs so far. And 60% of this, or \$2.6 billion, was signed in the last 75 days. If the pattern of chronic defaults cited above persists for these new revolvers, and if they fall into default almost as soon as the ink is dry (whether or not intended that way for monitoring purposes by banks), then we feel strongly that banks will have to face the question of continuing to accrue interest on these loans sooner rather than later.

First Mortgage and the other trusts continue to accrue interest on their bank loans, most at 130% of the prime rate or about 13%. But the SEC filings suggest there's no cash changing hands. How the banks are handling their accruals is unknown but the absence of any public announcements indicates they likely are continuing to accrue interest.

A year ago many mortgage lending REITs continued to accrue interest on their loans to builders, feeling conditions would turn soon and they would collect their interest in cash. Conditions didn't turn in time and now that bookkeeping shell-game has caught up with the REITs. We smell that the major banks are being caught up in this same shell game, counting paper earnings in their record profit reports when cash collectibility is becoming more and more suspect.

3. Bank provisions for loan losses last year, while running at record levels since the Great Depression, do not appear adequate to cover the higher risk. Wall Street's line on the banks is that provisions for loan losses, estimated at about \$1.5 billion this year and highest since the 1930s, will take care of the problem. We doubt this is true for the 20 largest banks, which appear to be more highly leveraged than all banks and whose loss reserves have lagged growth in assets.

Exposure among this very select group of banks is greatest. Banking sources estimate that the nation's 20 giants have committed or loaned about two-thirds of the \$12 billion commercial banks have committed or loaned to REITs. About \$10.2 billion of that actually was loaned out in June 1974, according to the National Assn. of Real Estate Investment Trusts. That \$10.2 billion is nearly double the \$5.2 billion the banks had out to REITs a year earlier. We now estimate bank loans to REITs at about \$11-\$11½ billion, or about 55% of all the funds supporting the REITs. Most of this loan buildup was required to help REITs retire about \$2½ billion of commercial paper that could not be rolled over. The top 20 banks have shouldered the burden of this lending growth, and their exposure in REITs is now about \$7½-\$8 billion.

With leverage ratios at record highs and capital adequacy at record lows, this REIT exposure amounts to about 47%-50% of total big bank capital. Investors, analysts and the financial press have expressed some concern lately but we don't know if the full dimensions are known. The table left shows this resulting deterioration of capital adequacy and resulting exposure quite clearly. Assets of the big banks and their holding companies grew 23% to \$414 billion in the year through Sept. 30 while capital, including capital notes, rose only 7% to \$15.8 billion. During that same year the banks' accumulated loss reserves rose 14% to \$3.07 billion, and combined capital and loss reserves, generally used as a measure of capital adequacy, rose slightly over 8%. During the year total capital and reserves declined from 5.2% of assets to 4.6%, indicating these large banks are now operating with a leverage ratio of 20.7-to-1.

In sharp contrast, capital and reserves of all 14,000 insured commercial banks remained in the 7.9-7.8% of assets range through November, little changed from year-ago figures. Thus all banks are operating with a more conservative 11.7-to-1 leverage ratio. Since these FRB numbers relate only to banks while ours include holding companies, they're not strictly comparable but the difference would not account for the wide variations.

Slow growth in accumulated loss reserves was achieved even after the large banks made record provisions for loan losses during 1974. Allocation for the 19 large banks reporting their provision rose 61% to \$494 million in the nine months to September and early reporting banks indicate full-year loss provisions may have more than doubled because of large fourth quarter provisions. We conclude that massive loan loss provisions have not yet caught up with the escalating risk in REIT loans by banks.

As an additional measure of risk, if half the REIT revolving credit lines go into default during 1975 and pressure from auditors and examiners forces the banks involved to put the loans on non-accrual status, we calculate that big bank earnings could be clipped 14% to 20%. If the banks were to cut interest to 8%-9%, the earnings loss would be about half that much.

Worse, three or four banks which apparently have committed over 75% of bank capital to REIT loans bear the highest exposure. We have not yet been able to identify these banks with enough certainty to warn you about them specifically but are continuing our efforts to pin them down. Again, we caution that we do not expect these REIT loans to be total wipe-outs but do sense a growing illiquidity about them that bodes ill for their bank holders.

4. The Federal Reserve Board is believed shifting its signals on bank lending to REITs. Pinning down the substance of these alleged Fed signals to banks is elusive at best but our sources say the Fed is not now standing in the way of smaller banks withdrawing from lines of credit to REITs. This attitude is believed responsible for the growing number of banks seeking to leave credit lines to REITs.

Last spring, when the Franklin National Bank's earnings problems first became public knowledge, the Fed privately encouraged major banks to extend credit to several large REITs who were experiencing liquidity problems at the same time. Several top REIT executives called upon various Fed officials seeking sympathetic treatment and while no commitments were ever given, the Fed subsequently passed the word that banks were not to be so stringent as to put REITs into bankruptcy, which in turn might have compounded the financial uncertainties that followed Franklin National's collapse.

That's why we attach great significance to the reported change in Fed attitude. The central bank appears to be bending to the wishes of smaller banks who resented the Fed's intrusion on their lending judgement. As a matter of fact, several non-money center banks have already sought to break away from REIT credit lines and sued to get their money back.

Concern that some of these multi-bank revolving credit lines may fall apart is serious enough that some New York law firms representing banks have begun brainstorming arguments for dumping some REIT loans back on the Fed or Federal Deposit Insurance Corp. The fact that the FDIC wound up with all Franklin National's loans to REITs is cited as a possible precedent, although Franklin National went through bankruptcy action before FDIC moved in. These bank lawyers are saying that their justification for seeking Fed action would be that the banks were pressured by the Fed in the first place into extending the REIT loans.

The real question for you is what effect the above scenario, if it transpires, will have on public confidence in the banking system and chances for national economic recovery. We believe the investigative report on one REIT would have limited effect. If, however, it is couched in terms casting doubt on the lending practices of all mortgage construction lending REITs, then impact could be much wider.

In our judgement, this bear market rally is now so strongly believed by many in Wall Street that collapse of even one of the top 20 banks would cause only a ripple right now. Security National Bank of Long Island is reported being pressed to merge into a stronger bank by regulators currently, largely because of delinquent real estate loans, yet difficulties by this \$1.8 billion asset bank are hardly noticed in the market. You will recall that when U.S. National Bank of San Diego failed just a little of over a year ago, that \$1.8 billion bank was the largest bank failure in history. That was followed by collapse of \$4 billion Franklin National. The numbers involved in these banking failures are mounting but investors aren't shocked anymore. We believe, probably naively, that the Fed's ability to create money will be unable to paper over the ills in the banking system sooner instead of later. For the moment we would not hold long positions in shares of any construction lending REIT or major bank until this situation becomes clearer.

INDEX FOR 1974 (COVERING ISSUES FROM JAN. 28, 1974 TO DEC. 23, 1974)

REIT Sharekout? Is one coming and what market action to take.....	Jan. 28
Capital offerings for fourth quarter and 1973.....	Jan. 28
Economic Trends now favoring REITS but accountants, bank hold key cards.....	Feb. 11
Hint of strength suggests opportune buying time.....	Feb. 25
Trusts with large management shareholdings: rare breeds and sound values.....	Mar. 11
Trust shares continue show of strength in face of bad news.....	Mar. 25
REIT warrants: A special time to look at these speculative vehicles.....	Mar. 25
Special Recommendation: Avoid new purchase of all short-term mortgage REITS.....	Apr. 4
Trusts with strong management holdings: worth considering despite problems....	Apr. 15
Hostile money and stock markets depressing REIT shares.....	Apr. 29
Long-term mortgage trusts: Some relatively strong fundamentals.....	May 13
Rising interest rates depress REIT shares more.....	May 28
Non-earning REIT investments: First survey shows concentration.....	May 28
Short-term mortgage trusts: Slightly brighter interest picture opens bargain basement.....	June 10
Action mixed as equity groups firm.....	June 24
News briefs on real estate trusts and industry events.....	June 24
Relatively strong so far, combination trusts have limited recovery potential.....	July 15
News brief about real estate trusts and their industry.....	July 15
Trusts tumble sharply against high money cost backdrop.....	July 29
Convertibles: High yields plus some safety and appreciation potential.....	July 29
Capital raising dried up in first half.....	July 29
Intermediate term mortgage and smaller equity trusts have limited appeal.....	Aug. 12
Plummeting share prices lengthen time for REIT recovery.....	Aug. 26
Industry News: Atlanta developer in bankruptcy; changes at Continental....	Aug. 26
The Outlook for Mortgage REITS.....	Aug. 26
Long-term specialty and land trusts provide some interesting values.....	Sept. 9
First break in prime rate brings little relief from downtrend.....	Sept. 30
New Feature: Relative Appeal Rankings and Latest Comment.....	Sept. 30
Major Short-term trusts a mixed bag even as interest rates ease from the summit...	Oct. 14
A roller coaster ride as interest rates ease further.....	Oct. 28
Short-term lending trusts offer some speculative values on highly selective basis.....	Nov. 11
Remain selective with accent on quality equity trusts.....	Nov. 25
Smaller short-term trusts show dividend stability as reward for stay-at-home philosophy.....	Dec. 9
Moderate and selective recovery for New Year.....	Dec. 23

INDEX OF TRUSTS (R=Basic Reviews)

-- A --

Alison Mortgage Investment Trust.....	Aug. 12R
	Feb. 25
American Century Mortgage Investors.....	Apr. 15R
	Jan. 28, Mar. 25
American Fletcher Mortgage Investors.....	Apr. 15R
	Mar. 25
American Realty Trust.....	Aug. 12R
	Jul. 29

Associated Mortgage Investors.....	Jan. 28
	Mar. 25, June 24, July 29
Atico Mortgage Investors.....	Nov. 11R
	Mar. 25
Atlanta National RET.....	Apr. 15R
(Hospital Investors)	

-- B --

BT Mortgage Investors.....	Mar. 11R
	Apr. 15
Baird & Warner Mtg. & Rlty. Inv.....	Dec. 9R
	Apr. 15
Bankamerica Realty Investors.....	July 15R
	Aug. 26
Barnes Mortgage Investment Trust.....	Dec. 9R
	Apr. 15
Barnett Mortgage Trust.....	Oct. 14R
	Sept. 9
Barnett-Winston Investment Trust.....	Aug. 12R
	Jan. 28
Beneficial Standard Mortgage Investors..	Dec. 9R
	Mar. 25
Berg Enterprises Realty Group.....	June 10
Builders Inv. Group.....	June 10R
	Jan. 28, Mar. 25, Aug. 26

-- C --

C.I. Mortgage Group.....	June 10R
	Mar. 25
C.I. Realty Investors.....	Feb. 11R
	Nov. 25
Cabot, Cabot & Forbes Land Tr.....	Sept. 9R
	Feb. 11, June 24, Aug. 12, Aug. 26
Cameron-Brown Investment Group.....	Oct. 14R
	Jan. 28, Feb. 25
Capital Mortgage Investments.....	June 10R
	Mar. 25
Central Mortgage & Realty Trust.....	Dec. 9R
	Apr. 15
Chase Manhattan Mortgage and Realty Tr..	Oct. 14R
	Jan. 28, Apr. 4, July 15, Aug. 26
Cititational Development Trust.....	Jan. 28
	Mar. 25
Citizens & Southern Realty Investors....	Oct. 14R
	Jan. 28, Aug. 26
Citizens Growth Properties.....	Aug. 12R
	Aug. 26
Citizens Mortgage Invest. Trust.....	Mar. 25
CleveTrust Realty Investors.....	Aug. 12R
	Mar. 11
Colwell Mortgage Investors.....	Mar. 25
	Apr. 15
Commonwealth National Realty Trust.....	Jan. 28
	Apr. 15, July 15
Connecticut General Mortgage & Rlty Inv..	May 13R
	Jan. 28, Mar. 25, Jul. 29, Aug. 26, Sept. 30
Continental Ill. Properties.....	Feb. 11R
	Aug. 26, Sept. 30
Continental Ill. Realty.....	Nov. 11R
	Feb. 11, Feb. 25, Mar. 11, Mar. 25
Continental Mortgage Investors.....	Nov. 11R
	July 15, Aug. 26
Cousins Mortgage & Equity Investments...	May 13R
	Jan. 28, Nov. 25

-- D --

Denver REIA.....	Nov. 25
Derand Real Estate Inv. Trust.....	July 29
Diversified Mtg. Inv.....	Aug. 12R
	Feb. 25, June 24
Dominion Mtg. & Realty Trust.....	Feb. 11
	Apr. 15, Aug. 26, Nov. 25

-- E --

Equitable Life Mortgage & Equity Inv....	May 13R
	Aug. 26, Sept. 30

-- F --

Federal Realty Investment Trust.....	Nov. 25
Fidelco Growth Investors.....	May 13R

Fidelity Mortgage Investors.....Jan. 28
 Feb. 11, Mar. 11, July 15, Aug. 26
 First Commerce Realty Inv.....Dec. 9R
 Apr. 15, Nov. 25
 First Continental Mtg. Inv.....Mar. 11R
 Apr. 15
 First Memphis Realty Trust.....Sept. 9R
 Mar. 25
 First Mortgage Investors.....June 10R
 Jan. 28, Feb. 25, Mar. 25, Apr. 4, Aug. 26
 First of Denver Mortgage Investors.....Oct. 14R
 First Pennsylvania Mortgage Trust.....Oct. 14R
 Mar. 11, Mar. 25
 First Union Real Estate Equity
 and Mortgage Investments.....July 15R
 Jan. 28, July 29, Aug. 26, Nov. 25
 First Virginia Mortgage & R.E.....Aug. 12R
 Jan. 28, Aug. 26, Nov. 25
 First Wisconsin Mortgage Inv.....Jan. 28
 Feb. 11, June 24, Sept. 9
 Flatley Realty Investor.....Apr. 15R
 Mar. 25
 Florida Gulf Realty Trust.....Feb. 11R
 Franklin Realty.....July 15R
 Fraser Mortgage Investments.....Apr. 15

-- G --

General Growth Properties.....Feb. 11R
 Jan. 28, Apr. 15, Aug. 26, Sept. 30, Nov. 25
 GIT Realty & Mortgage Investors.....Apr. 15
 (Formerly Goodrich Investors Group)
 Gould Investors Trust.....Mar. 11R
 Apr. 15
 Great American Mortgage Investors.....Mar. 11R
 Jan. 28, Apr. 4, Apr. 15, Dec. 9
 GREIT Realty Tr.....Feb. 11R
 Jan. 28
 Guardian Mortgage Investors.....Dec. 9R
 June 24
 Gulf Mortgage and Realty Investments.....May 13R
 June 10, June 24
 Gulf South Mtg. Inv.....Jan. 28
 Mar. 11, Mar. 25

-- H --

HNC Mortgage & Realty.....Apr. 15R
 Jan. 28, Feb. 25, Mar. 11, June 24
 Hamilton Inv. Tr.....Mar. 25
 Apr. 15, Aug. 26
 Hanover Square Realty Investors.....Apr. 15R
 July 29
 Heitman Mortgage Investors.....Nov. 11R
 Apr. 15, Jul. 29, Aug. 26, Nov. 25
 Hospital Mortgage Group.....Sept. 9R
 Hotel Investors.....Sept. 9R
 Hubbard Real Estate Investments.....Feb. 11R
 Nov. 25

-- I --

ICM Realty.....Sept. 9R
 Jan. 28, Feb. 11, Mar. 11
 June 24, Aug. 12, Aug. 26
 IDS Realty Trust.....June 10R
 Jan. 28, Apr. 4, Jul. 29, Nov. 25
 Independence Mtg. Trust.....Jan. 28
 (Formerly USF Investors) Mar. 25
 Indiana Mortgage & Realty Investors.....July 15R
 Institutional Inv. Tr.....Nov. 11R
 Investors Realty Trust.....July 15R

-- J --

JMB Realty Trust.....July 15R
 Justice Mortgage Investors.....Apr. 15R
 July 15

-- K --

KMC Mortgage Investors.....Apr. 15

-- L --

Larwin Mortgage Investors.....Mar. 25
 Larwin Realty & Mortgage Trust.....Sept. 9R
 Lomas & Nettleton Mortgage Inv.....Nov. 11R
 Jan. 28, Aug. 26, Nov. 25

-- M --

McCormick Mortgage Investors of Florida.....Jan. 28
 M&T Mortgage Investors.....Dec. 9R
 Apr. 15
 MassMutual Mortgage & Realty Investors.....May 13R
 Mar. 11, Jul. 29, Aug. 26, Sept. 30

Midland Mortgage Investors.....Nov. 11R
 Feb. 25, Mar. 25
 Miller (Henry S.) Realty Trust.....July 15R
 MONY Mortgage Investors.....May 13R
 Aug. 26, Sept. 30
 Mortgage Growth Investors.....Sept. 9R
 Feb. 11, Aug. 15
 Mortgage Investors of Washington.....June 10R
 Mar. 25, Apr. 15, Jan. 28
 Mortgage Trust of America.....June 10R
 Jan. 28, Feb. 25, Mar. 25

-- N --

NJB Prime Investors.....Jan. 28
 Aug. 26
 National Mtg. Fund.....June 24
 July 15
 Nationwide Real Estate Inv.....Dec. 9R
 (Formerly Galbreath First Mtg. Inv.) Jan. 28, Apr. 15
 New Plan Realty Trust.....Mar. 11R
 Apr. 15, Nov. 25
 North American Mortgage Investors.....Nov. 11R
 Jan. 28, Feb. 11, Apr. 4, Aug. 26, Nov. 25
 Northwestern Mt. Life Mtg. & Rlty. Tr.....May 13R
 Jan. 28, Aug. 26, Sept. 30

-- P --

PNB Mortgage and Realty Investors.....Sept. 9R
 Mar. 25
 Palomar Mortgage Investors.....Jan. 28
 Apr. 15, Aug. 26
 Pease & Elliman Realty Trust.....Aug. 12R
 Pennsylvania REIT.....Feb. 11R
 Nov. 25
 Property Capital Trust.....Mar. 11R
 Apr. 15

-- R --

Real Estate Investment Trust of America.....Feb. 11R
 Nov. 25
 Realty & Mtg. Inv. of the Pacific.....Sept. 9R
 Realty Income Trust.....Mar. 11R
 Apr. 15
 Realty Refund Trust.....Mar. 11R
 Mar. 25, Apr. 15
 Republic Mortgage Investors.....June 10R
 Mar. 25, Aug. 26
 Riviere Realty Trust.....Nov. 25

-- S --

B.F. Saul Real Estate Inv.Tr.....July 15R
 Jan. 28, Feb. 25
 Security Mortgage Investors.....June 24
 State Mutual Investors.....May 13R
 Jan. 28
 Summit Properties.....Apr. 15R
 Jan. 28
 Sutro Mortgage Inv. Tr.....Jan. 28
 Apr. 15

-- T --

TMC Mortgage Investors.....Dec. 9R
 Apr. 15
 Terrydale Realty Trust.....Apr. 15
 Tri-South Mortgage Inv.....Oct. 14R
 Mar. 25, June 24

-- U --

UMET TrustApr. 15
 (Formerly Unionamerica Mtg.Tr.) Aug. 26
 U.S. Bancorp Realty and Mtg.....July 15R
 U.S. Equity and Mortgage Tr.....Apr. 15
 U.S. Leasing Real Estate Inv.....Feb. 11R
 Mar. 25
 U.S. Realty Inv.....Mar. 11R
 Jan. 28, Apr. 15, Jul. 29

-- V --

Virginia Real Estate Investment Tr.....Aug. 12R
 Mar. 25

-- W --

Wachovia Rlty. Investments.....Oct. 14R
 Walter (Jim) Investors.....Mar. 11R
 Apr. 15
 Washington REIT.....Feb. 11R
 Jan. 28, Aug. 26, Sept. 30, Nov. 25
 Wells Fargo Mortgage Inv.....Apr. 15R
 Western Mortgage Investors.....Apr. 15